



## **Apollo Hospitals announces Q4 & FY14 results**

**Wins the Gallup Great Workplace Award for 2014  
Ranked amongst the Top few organizations globally**

**Apollo Hospitals completes 500 Robotic Surgeries in FY14**

**Continue to be No 1 in Solid Organ Transplants**

**FY14 Standalone Revenues up 16% at Rs. 3,862 crore**

**New Units, in initial stages of operations, have reported operating losses of  
Rs. 21 crores in FY14.**

**Standalone EBITDA (including new units losses) up 11% at Rs. 614 crore.  
Standalone PAT up 7% at Rs. 331 crore**

**FY14 Consolidated Revenues up 16% at Rs. 4,384 crore  
Consolidated PAT up 4% at Rs. 317 crore**

***Established hospitals register improvement in operating margins  
Margins of Stand Alone Pharmacies segment improve further***

**Adds over 300 beds in FY14**

**Planned addition of 1,000 beds across 8 hospitals in FY15 in progress.  
Nellore (200 beds) and Nashik (125 beds) to be commissioned in Q1FY15**

**Acquired 51% stake in Indore (125 beds); plans to upgrade to 175 beds in  
the next 12-18 months.**

**India, May 28, 2014:** Apollo Hospitals Enterprise Ltd (AHEL), (BSE: 508869, NSE: INE437A01024), a leading healthcare provider, today reported its financial results according to Indian GAAP for the quarter and financial year ended March 31, 2014.

Q4FY14 Standalone Revenues grew by 17.7% to Rs. 9,982 million compared to Rs. 8,483 million in Q4FY13. EBITDA was higher by 13% from Rs. 1,328 million in Q4FY13 to Rs. 1,500 million in Q4FY14. PAT increased by 7.7% to Rs. 813 million in Q4FY14.

On a full year basis, Standalone Revenues grew by 16.4% at Rs. 38,616 million in FY14 compared to Rs. 33,178 million in FY13. EBITDA was higher by 11% at Rs. 6,139 million in FY14 from Rs. 5,536 million in FY13. **Adjusting for the impact of initial operating losses from new facilities in the network, AHEL reported a 14% (y-on-y) rise in EBITDA to Rs. 6,349 million in FY14.**



**Healthcare Services (existing hospitals) reported EBITDA margins of 24.1% in FY14 as compared to 24.0% in FY13 while Standalone pharmacies EBITDA margins improved further to 3.3% in FY14 from 2.7% in FY13.**

**Dr. Prathap C Reddy, Chairman said,** “The year saw us further scaling up on our clinical value proposition by introduction of several new initiatives across specialties. The first ever separation of the Pygopus twins and the successful combined kidney-pancreas transplant, a first in Tamilnadu, highlights our clinical focus and our commitment to patient care and excellence. The patient is at the center of whatever we do at Apollo and the recently launched personalized health check program is further testimony to this. The COE initiatives has further gained momentum and driven improvements in our case mix across our network. We have successfully conducted over 500 robotic surgeries in Fiscal 2014 further elevating our standards of technology excellence and quality of patient care.

**He added,** As we usher in another exciting year, we have firm plans in place to roll out a set of new patient facing initiatives both in our hospitals as well as clinics. The Future of Healthcare in India is about up skilling, upgrading, innovating and promoting preventive health. The global burden from non-communicable diseases (NCD) is significant and rising at a rapid pace. NCDs are estimated to account for nearly 75% of all deaths and will cost the world GDP an estimated US\$ 47 trillion by 2030. Low and middle income countries like India share a disproportionate 80% of the NCD mortality burden. It is critical to recognize that many risk factors are controllable with right individual action and proactive screening and detection is key for timely treatment. Apollo will work together with the new Government on these 21<sup>st</sup> century health challenges to try and create a unified PPP framework based on the guiding principles of effectiveness, efficiency and equity.



## **Financial Highlights**

- Consolidated FY14 Performance
  - Revenues grew by 16.3% to Rs. 43,842 million compared to Rs. 37,687 million in FY13.
  - EBITDA grew by 10.6% to Rs. 6,724 million as against Rs. 6,082 million in FY13.
  - PAT was Rs. 3,168 million compared to Rs. 3,044 million in FY13, growth of 4.1%.
  - Diluted EPS of Rs. 22.77 per share in FY14.
  
- Consolidated Q4FY14 Performance
  - Revenues grew 16.7% to Rs. 11,226 million compared to Rs. 9,618 million in Q4FY13.
  - EBITDA grew 14.5% to Rs. 1,607 million as against Rs. 1,404 million in Q4FY13.
  - PAT was Rs. 718 million compared to Rs. 692 million in Q4FY13, growth of 3.7%.
  - Diluted EPS of Rs. 5.16 per share in Q4FY14 (not annualised).
  
- Standalone FY14 Performance
  - Revenues grew 16.4% to Rs. 38,616 million compared to Rs. 33,178 million in FY13.
  - EBITDA grew 10.9% to Rs. 6,139 million as against Rs. 5,536 million in FY13.
  - PAT was Rs. 3,307 million compared to Rs. 3,091 million in FY13, growth of 7.0%.
  - Diluted EPS of Rs. 23.77 per share in FY14.
  
- Standalone Q4FY14 Performance
  - Revenues grew 17.7% to Rs. 9,982 million compared to Rs. 8,483 million in Q4FY13.
  - EBITDA grew 13% to Rs. 1,500 million as against Rs. 1,328 million in Q4FY13.
  - PAT was Rs. 813 million compared to Rs. 755 million in Q4FY13, growth of 7.7%.
  - Diluted EPS of Rs. 5.85 per share in Q4FY14 (not annualised).



## **Segment-wise Performance Update**

### **Hospitals**

Standalone Revenues of the healthcare services division (excluding impact of new facilities) increased by 11% to Rs. 24,437 million in FY14 compared to Rs. 22,093 million in FY13. EBITDA (excluding the impact of new facilities) grew by 11% from Rs. 5,296 million in FY13 to Rs. 5,900 million in FY14, reporting an improved EBITDA margin of 24.1%.

Apollo's major clusters in Chennai and Hyderabad reported y-on-y revenue growth of 11% each for FY14. The Hyderabad cluster has reported marginal improvement in occupancy of 628 beds (67% utilization on 930 beds) in FY14 as compared to 615 beds (66%) in FY13. More importantly however, the cluster witnessed EBITDA expansion aided by higher numbers of international patients, focused efforts on case mix rationalization, growth in robotics and transplants as well as cost management.

Hospitals outside of the Major Cluster also displayed steady progress and improvement in operating parameters:

- Bhubaneswar occupancy at 209 beds (83% utilization on an increased capacity of 250 beds) as compared to 185 beds in FY13. Revenues grew 23% accompanied by improvement in EBITDA margin. There are an additional 40 beds which are yet to be operationalised at this facility.
- Mysore occupancy increased to 154 beds in FY14 compared to 142 beds in FY13. Revenues grew 22% with a marginal improvement in EBITDA Margin.
- Rationalization of the case mix led to a dip in occupancy at Madurai. However, Revenues grew 11% accompanied by an improvement in the EBITDA margin.
- Similar initiatives to rationalise the case mix at Hospitals at Karur and Karaikudi have led to slightly lower occupancy. However, these initiatives have been instrumental in improved operating profile of both these hospitals.

The 140 bed Ortho and Spine Specialty Hospital at Jayanagar, Bangalore has achieved EBITDA breakeven in the last quarter while the 260 bed Multi-specialty hospital at Vanagaram, is nearing breakeven. The 200 bed Specialty hospital in Trichy was operationalized in Q3 and is expected to achieve EBITDA breakeven within 12 months from its launch.



### **Standalone Pharmacies**

During the quarter, Apollo Pharmacies added 71 stores and closed 25 stores for a net addition of 46 stores – total store network as of March 31 stands at 1,632 operational stores. For the year, it added 206 stores and closed 77 for a net addition of 129 stores.

Revenues grew by 24% from Rs. 11,017 million in FY13 to Rs. 13,648 million in FY14. Operational performance improved further as EBITDA grew by 53% from Rs. 293 million in FY13 to Rs. 449 million in FY14.

The blended EBITDA margin increased by 63 basis points from 2.66% in FY13 to 3.29% in FY14. The increasing proportion of Private label products in the revenue mix has helped to mitigate the impact of the Drug Price Control Order. The Standalone Pharmacy segment reported an ROCE in excess of 10% in FY14.

The business continued to report healthy growth in same-store sales across various batches of stores with like-for-like growth in revenue per store at 12.6% for the pre 2008 batch of stores, 16.5% (2009 batch) and 15.7% (2010 batch). The EBITDA margin for mature stores (pre March 2008) was higher by 35 basis points from 5.3% in FY13 to 5.6% in FY14.

### **Apollo Munich Health Insurance Company Limited**

Gross Written Premium increased by 12% from Rs. 6,200 million in FY13 to Rs. 6,926 million in FY14. The incurred claim loss ratio expanded from 59.3% in FY13 to 65.6% in FY14. The business reported a net loss of Rs. 370 million in FY14 compared to a profit of Rs. 51 million in FY13. AUMs stood at Rs. 6,532 million as of March 31, 2014.

During the quarter, Apollo Munich entered into an association with Canara Bank to offer a plan known as 'Energy' which covers people suffering from Type II diabetes. This is a first-of-its-kind solution to the millions suffering from diabetes in India.

### **Apollo Health & Lifestyle Limited (AHLL)**

AHLL is a wholly owned subsidiary which houses the retail healthcare business of Apollo Hospitals. This includes the lifestyle birthing centers known as 'CRADLE' and Apollo Clinics catering to a variety of ailments such as liver disease, joint pain, advanced fever, diabetes, etc.

Total Income was Rs. 729 million in FY14 compared to Rs. 601 million in FY13. The business reported an EBITDA loss of Rs. 175 million in FY14. This was due to the addition of 2 Birthing Centers, new clinics and corporate overheads. The current presence includes 4 Birthing Centers and 90 Clinics across India.



## **Clinical and Operational Highlights**

- Apollo Hospitals successfully completed 500 Robotic Surgeries in FY14 using the Da Vinci Si System. This was made possible due to the rapid rollout of multiple robotics based equipment at major hospitals across the network. The use of advanced Robotic equipment for surgery has been very well received by patients who appreciate the various benefits it provides. For Apollo Hospitals, it has helped to elevate clinical standards even further.
- During the year, Apollo Hospitals crossed the milestone of 500 Liver Transplants on Pakistani patients. From its origins in the 1980's, the Apollo Solid Organ Transplant program has made steady progress to emerge as the world's busiest transplant program in 2013. Apollo Hospitals is the first healthcare institution in India to complete 500 transplants on patients from a single country.
- Apollo Gleneagles Hospital, Kolkata is the first hospital in India to install the Cellvizio system by Mauna Kea Technologies. This revolutionary optical biopsy system will be used to improve patient management in several key gastroenterological indications.
- Dr. A.P.J Abdul Kalam, Honorable Former President of India inaugurated the launch of Teleradiology services at our Chennai Hospital. This technology will enable diagnostic radiology centers to transmit images from distant and remote locations to Experts located elsewhere. This will improve healthcare access for patients and will play a very vital role in reducing patient waiting time for diagnosis, treatment commencement and cost.
- Continuing its legacy of pioneering healthcare changes in India, Apollo through Sapien Biosciences (An Apollo subsidiary) is now set to introduce clinical genomic tests in the coming quarter starting May 2014. The first of these tests, to be launched shortly, shall be a clinical genomics panel for oncology that is designed to identify the mutations that drive cancer initiation and progression. Insights obtained from this test will reportedly enable prediction of patients' response to their medication allowing the physician to tailor treatment to the patients' genomic profile. Apollo also plans to introduce genetic testing within the preventive healthcare context under careful physician supervision and with appropriate genetic counseling support.
- In a first of its kind initiative, Apollo Hospitals has introduced eICU, a remote ICU monitoring system in partnership with Phillips. With this state-of-the-art system, a remote Intensivist can interact with a patient at ICU and part of the care team with a high definition camera, medical data monitoring system and an AV module for discussion with bedside staff. All clinical applications & algorithms are FDA compliant.



- There has been a concerted effort to improve the operating performance of all hospitals across the network. Performance improvement measures aimed at key operating metrics such as occupancy, ALOS and ARPOB are monitored on a daily basis. There has been high emphasis on reducing ALOS, realignment of cases to ensure optimal utilization across all centers, increased thrust on daycare and outpatient facilities and overall cost management.
- The initiatives rolled out last year to focus on high end cases continue to positively impact the performance. There has been a considerable increase in volumes of transplants, robotic surgeries as well as the other specialties that comprise the Centers of Excellence.
- The improved performance of the Hyderabad cluster has been driven by initiatives targeted at enhancing market share and improving the case mix. The GP connect program was aimed at improving awareness of key technology and healthcare offerings to enhance the propensity of General Practitioners to refer their patients to Apollo Hospitals.
- Several marketing activities and medical camps have been undertaken in key international markets including in person consultations with specialists which help to build confidence in our doctors and attracts larger volumes of international patients. These activities help to overcome the challenge of sub-optimal travel connectivity.
- The Board of Directors has approved an additional investment in the upcoming hospital at Navi Mumbai to add a cancer care facility. This is part of the Group's renewed focus on oncology which will see the doubling of cancer care centers at hospitals across its network.

### **Awards, Accolades and Achievements**

- Apollo Hospitals has been awarded the Gallup Great Places to Work Award (GGWA) for 2014. This recognition is awarded to Organizations that have performed exceptionally in engaging their workforce and leveraging that strength to drive business results and sustainable growth. Winning GGWA is an achievement by itself. This award places the Apollo Group amongst the top few organizations globally on workplace engagement – making us one of the World's best workplaces.
- Apollo Health City, Hyderabad has been bestowed the prestigious 'International Medical Tourism Award' for Excellence in customer service. This has been awarded by the reputed International Medical Travel Journal, UK. Apollo Health City was the only hospital from India to be nominated.



- In line with its pioneering spirit, Apollo Hospitals has been investing in information systems to enable Continuous Care Delivery to its patients via Apollo Prism. For all patients, this platform will connect with key stake holders like doctors, hospital staff, labs etc. via a single portal. Over 2.5 million Apollo patients have an Apollo Prism account. Apollo Prism was awarded the HIMMS ELSEVIER Digital Healthcare Award in 2013 for its Personal Engagement Product. This has been awarded for leading the way in IT adoption for improved patient care and safety.
- Dr. Prathap Reddy has spearheaded the founding of 'The Healthcare Alliance' which will comprise India's premier industry bodies and top global consulting firms. These entities will collectively draw up strategies & recommendations to address challenges for the healthcare sector in India and globally. The Healthcare Alliance includes five leading industry bodies - All India Management Association (AIMA), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Indian Medical Association (IMA) and Healthcare Federation of India. It has four knowledge partners of global eminence - Bain & Co., McKinsey & Co., KPMG and PwC; research and policy think tank Public Health Foundation of India (PHFI) as the 'technical resources group' and Apollo Hospitals as the coordinating partner.





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**About Apollo Hospitals Enterprise Ltd. (AHEL)**

It was in 1983, that Dr. Prathap Reddy made a pioneering endeavour by launching India's first corporate hospital - Apollo Hospital in Chennai. Now, as Asia largest and most trusted healthcare group, its presence includes over 8,600 beds across 50 Hospitals, 1,632 Pharmacies, 92 Primary Care and Diagnostic Clinics, 100 Telemedicine units across 10 countries. Health Insurance services, Global Projects Consultancy, 15 colleges of Nursing and Hospital Management, a Research Foundation with a focus on global Clinical Trials, epidemiological studies, stem cell & genetic research and the first Proton Therapy Center across Asia, Africa and Australia.

In a rare honor, the Government of India issued a commemorative stamp in recognition of Apollo's contribution, the first for a healthcare organization. Apollo Hospitals Chairman, Dr. Prathap C Reddy, was conferred with the prestigious Padma Vibhushan in 2010. For more than 30 years, the Apollo Hospitals Group has continuously excelled and maintained leadership in medical innovation, world-class clinical services and cutting-edge technology. Our hospitals are consistently ranked amongst the best hospitals globally for advanced medical services and research.

**Disclaimer**

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